



## DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

June 14, 2010

Rita Palmer  
Eco International  
200 Stage Road  
Vestal, NY 13850

RE: FINAL AUDIT REPORT – ECO INTERNATIONAL CEWID 109935

Dear Ms. Palmer:

Enclosed is the final audit report of Eco International, regarding the Covered Electronic Waste Recovery and Recycling Program. The audit was planned and performed to determine conformance with the regulations resulting from the Electronic Waste Recycling Act of 2003. The period of review for this audit was January 1, 2008 through December 31, 2008.

The audit disclosed the following findings:

- Expired Application and Incorrect Records Location
- Missing Source Documentation
- Unreliable Net Cost Report

The response by Eco International to the draft audit report on February 2, 2010, along with the evaluation of the response is included in this final report. The response did address your corrective action to the findings.

(Over)



Rita Palmer  
June 14, 2010  
Page 2

A copy of this letter is being forwarded to the Covered Electronic Waste Recovery and Recycling Program for information and any necessary action, if required.

Please contact Ernesto Espinoza, Associate Management Auditor, at (916) 341-7369 or Ernesto.Espinoza@calrecycle.ca.gov with any questions regarding this report.

Sincerely,



Susan R. Villa, Chief  
Fiscal Services Branch  
Administration and Finance Division

Enclosure

cc: Jeff Hunts, Manager, E-Waste Branch, CalRecycle  
Ernesto Espinoza, Auditor, Audits and Evaluations Unit, CalRecycle  
CalRecycle Audits and Evaluations Unit File

---

**AN ELECTRONIC WASTE AUDIT**

**Eco International**

**Electronic Waste Recovery and Recycling Account**

**Final Audit Report**

**Recycler Payment Claim: 1283**

**For the Period January 1, 2008  
Through December 31, 2008**

**Prepared By:  
Department of Resources Recycling and Recovery  
Audits and Evaluations Unit**

**March 2010**

---

## **TABLE OF CONTENTS**

AUDIT REPORT .....	1
SUMMARY .....	1
BACKGROUND .....	1
OBJECTIVE, SCOPE, AND METHODOLOGY .....	2
CONCLUSION .....	2
RESTRICTED USE .....	4
RESPONSE TO AUDIT REPORT .....	5
EVALUATION OF RESPONSE TO AUDIT REPORT .....	8



## AUDIT REPORT

(This Page is Intentionally Left Blank)

**(This Page is Intentionally Left Blank)**

**Audit Report**  
**Eco International (CEWID 109935)**  
**Covered Electronic Waste Recovery and Recycling Program**

Audit Start Date: October 19, 2009

Physical Address: 11380 7<sup>th</sup> Street  
Rancho Cucamonga, CA 91730

Contact Person: Rita Palmer

Phone Number: (909) 980-0688

E-Mail Address: r.palmer@ecointernational.com

Auditor: Ernesto Espinoza

## **SUMMARY**

The Department of Resources Recycling and Recovery (CalRecycle) processed and paid a claim, in the amount of \$20,680.14, submitted by Amandi Services; an electronic waste recycler. The payments issued by CalRecycle are funded by the Electronic Waste Recovery and Recycling Account.

Audits and Evaluations Unit auditor, Ernesto Espinoza, reviewed records related to the appropriateness of expenditures of Electronic Waste Recovery and Recycling Account, for the period of January 1, 2008 through December 31, 2008.

## **BACKGROUND**

Eco International is one of the largest worldwide companies providing recycling and asset management services. The company acquired Amandi Services in October 2007, as well as the assets of Envirocycle and NextCycle, in March 2006. Also, Eco International is a privately held company with their ownership tree including other successful corporations. These combined corporations represent annual revenues in excess of \$500 million. In addition, the company's vision includes investing in new technology, organic growth, and strategic acquisitions to achieve their goals and objectives.

## OBJECTIVE, SCOPE, AND METHODOLOGY

The audit was conducted to determine whether Eco International complied with CEW reporting, recordkeeping, and payment requirements, as specified by the California Public Resources Code Section 42460, et seq., and the California Code of Regulations (CCR), Title 14, Chapter 8.2.

The audit scope included, but was not limited to, an evaluation of the integrity of electronic waste recycling claims submitted to CalRecycle for payment, and an assessment of operational and regulatory compliance by the recycler.

The audit was conducted in accordance with *Government Auditing Standards*. The standards require that the audit was planned and performed to obtain sufficient and appropriate evidence to provide a reasonable basis for the finding(s), if any, and conclusion based on the audit objective.

## CONCLUSION

The following audit findings were identified:

**Finding 1: Expired Application and Incorrect Records Location Outside the State of California**

**Condition:** Amandi Services (CEWID 105691) application expired on 03/08/09. Eco International obtained Amandi Services (CEWID 109935) and submitted an application to CalRecycle to participate in the E-Waste program as a Recycler and Collector (Dual). The application was approved on February 5, 2009. A review of the application approved for ECO International showed the operational records will be maintained at the following address:

200 Stage Road  
Vesal, New York 13850

**Criteria:** Title 14, CCR Section 18660.12 (b) states, "A collector shall maintain a physical location within the State of California at which:

- (1) CEWs can be handled.
- (2) All records required by this chapter shall be maintained."

**Recommendation:** Eco International should contact CalRecycle to update their application and maintain the records in a physical location within the State of California.



**Finding 2: Missing Source Documentation**

**Condition:** Eco International did not have the source documentation for Revive Recycling, Samsung, and UPS for the CEWs Eco International collected from them. All the documentation Eco International had was the bill of lading from Revive Recycling and Samsung and the Collection Logs typed by the recycler. All the documentation Eco International had for UPS was the Collection Logs typed by the recycler for UPS.

**Criteria:** Title 14 CCR Section 18660.8 (b) states, "All records maintained pursuant to this Chapter must include the books of account that are ordinarily maintained by a prudent business person engaged in the same activity, together with all bills, receipts, invoices, manifests, cash register tapes, or other documents of original entry supporting the entries in the books of account."

Title 14 CCR Section 18660.20 (j) (1) (B) states, "Approved collectors that are not California local governments, nor entities acting as the designated approved collector for a California local government, shall maintain a list of all California sources who discarded the CEWs transferred to the approved collector, including the name and address of the California source and the number of CEWs discarded by the California source."

Title 14 CCR Section 18660.20 (j) (1) (D) states, "A list of other handlers and approved collectors who transferred CEWs to the approved collector in any month, including the name and address of the other handler and approved collector and the number of CEWs transferred and the sources of those CEWs as recorded pursuant to parts (A) and (B) of this Section."

**Recommendation:** Eco International should obtain source documentation from other collectors or handlers when CEW is accepted, and payment is requested from CalRecycle.

**FINDING 3: Unreliable Net Cost Report**

**Condition:** The auditor reviewed the Net Cost Report and determined the numbers on the Net Cost Report and the numbers on the report provided for 2008 did not agree. Rita Palmer could not provide what accounts made up the \$27, 993.00 for Indirect Labor Allocated to CEW Handling and the \$25,064.00 for Transportation Related to Recovery of CEW from generators on Form 220A, as



well as the \$68,840.00 for Indirect Labor Allocated to CEW handling on Form 220B.

**Criteria:** Title 14, CCR, Section 18660.20 (b) states, "An approved collector or an approved recycler shall maintain records and provide information for use by the CalRecycle in the update on their actual net costs to operate."

**Recommendation:** Eco International should maintain supporting documentation for all amounts on the Net Cost Report.

## **RESTRICTED USE**

This report is intended for the information and use of CalRecycle and Eco International management. However, this report is a matter of public record and distribution is not limited.

## **RESPONSE TO AUDIT REPORT**





Corporate Headquarters  
eco International  
200 Stage Road  
Vestal, NY 13760  
P: 607-321-2079  
F: 607-321-2085  
[www.ecointernational.com](http://www.ecointernational.com)

February 9 2010

Ernesto Espinoza  
Department of Resources Recycling and Recovery  
P.O. Box 4025 MS 19A  
Sacramento, CA 95812

Mr. Espinoza,

In response to your Draft Audit Report – Eco International CEWID 109935

**Finding 1: Required Records Located Outside the State of California**

**Eco International Response:**

Eco International will update their application to CalRecycle to show all records will be maintained in a location within the state of California. Update Status Application to be filed with CalRecycle by March 1, 2010 with the correction to the records maintaining location.

**Finding 2: Missing Source Documentation**

**Eco International Response:**

Eco International will obtain at time of CEW's acceptance original source documentation from other collectors and handlers to include the name and address of the California source and the number of CEW's transferred. Eco International has notified collectors / handlers of the requirements.





### **Finding 3: Unreliable Net Cost Report**

#### **Eco International Response:**

Eco International will maintain accurate supporting documents for all amounts on the Net Coast Report. Eco International Finance department will print and maintain copies of all records including all supporting documents utilized to prepare the Net Cost Report.

If you have any questions regarding the responses to the audit findings, please contact me at my Vestal NY office - number (607)321-2079 ext. 352 or by e-mail - [rpalmer@ecointernational.com](mailto:rpalmer@ecointernational.com).

Regards,

A handwritten signature in cursive script that reads "Rita Palmer".

Rita Palmer  
Vice President  
Eco International, LLC  
200 Stage Road  
Vestal, NY 13850



## **EVALUATION OF RESPONSE TO AUDIT REPORT**

During the course of the audit the following findings were noted:

### **Finding 1: Required Records Located Outside the State of California**

The auditor informed Eco International that Amandi Services' -CEWID 105691- application expired on 03/08/09. Eco International acquired Amandi Services -CEWID 109935- and submitted an application to CalRecycle to participate in the E-Waste program as both a Recycler and Collector (dual). CalRecycle approved the dual application on February 5, 2009. A review of the application approved for Eco International showed the operational records will be maintained at the following address:

200 Stage Road  
Vesal, New York 13850

The auditor informed Eco International that the operational records are required to be maintained at a physical location within the State of California.

Eco International's response stated, "Eco International will update their application to CalRecycle to show all records will be maintained in a location within the State of California. Update Status Application to be filed with CalRecycle by March 1, 2010 with the correction to the records maintaining location."

### **Auditor's Reply**

Finding 1 has been corrected by Eco International. The receipt of the application by Calrecycle was confirmed by the auditor through the Department's E-Waste database. In addition, the auditor verified the correct location of Eco International's operational records maintained within the State of California.

### **Finding 2: Missing Source Documentation**

The auditor informed Eco International that the source documentation was missing for CEW recovered by the following collectors: Revive Recycling, Samsung, and UPS. Eco International's response stated, "Eco International will obtain at time of CEW's acceptance original source documentation from other collectors and handlers to include the name and address of the California source and the number of CEWs transferred. Eco International has notified collectors/handlers of the requirements."

### **Auditor's Reply**

Finding 2 has been corrected - based on Eco International's response.

### **Finding 3: Unreliable Net Cost Report**

The auditor informed Eco International that the numbers shown on the 2008 Net Cost Report submitted to CalRecycle did not agree with the numbers reflected on the same Net Cost Report provided on site. The numbers in question include the following accounts: Indirect Labor Allocated to CEW Handling, and Transportation Related to Recovery of CEW from Generators, both on Form 220A; and Indirect Labor Allocated to CEW Handling, on Form 220B.

Eco International's response stated, "Eco International will maintain accurate supporting documents for all amounts on the Net Cost Report. Eco International Finance department will print and maintain copies of all records including all supporting documents utilized to prepare the Net Cost Report."

### **Auditor's Reply**

Finding 3 has been corrected - based on Eco International's response.